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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric
Company to Revise its Electric Marginal
Costs, Revenue Allocation and Rate
Design. (U39M.)

Application 19-11-019

ASSIGNED COMMISSIONER'S SCOPING MEMO AND RULING

This scoping memo and ruling sets forth the category, issues to be addressed, and schedule of the proceeding pursuant to Public Utilities (Pub. Util.) Code § 1701.1 and Article 7 of the Commission's Rules of Practice and Procedure (Rules).

1. Procedural Background

Pacific Gas and Electric Company (PG&E) filed the instant application on November 22, 2019, and it was noticed on the Daily Calendar. In its application PG&E seeks to update its electric marginal costs and resulting costs of service, revise its electric class revenue allocation, and adopt rate designs within each electrical class. Responses and protests to the application were filed by several parties on January 10, 2020. PG&E filed a reply to those responses and protests on January 21, 2020.¹

¹ The responses, protests, and reply were timely filed pursuant to an Assistant Chief Administrative Law Judge's (ALJ) ruling of December 3, 2019, extending the deadlines for these pleadings.

A prehearing conference (PHC) was held on January 23, 2020, to discuss the issues of law and fact and determine the need for hearing and schedule for resolving the matter. After considering the application, responses, protests, the reply of PG&E, and discussion at the PHC, I have determined the issues and schedule of the proceeding to be as set forth in this scoping memo.

2. Issues

The issues to be determined are:

1. Whether PG&E's proposed marginal electric costs and cost of service calculations are reasonable and should be approved.
2. Whether PG&E's proposed revenue allocation amongst its electric customer classes, including PG&E's proposal to move all its electric classes to full cost of service over a six-year period, is reasonable and should be approved.
3. Whether PG&E's proposed rate designs, including its demand charges, customer charges, dynamic rate options, and proposed time-of-use periods and seasons, are reasonable and should be approved.
4. Whether PG&E should implement a fully integrated Dimmable Streetlight Program, and if so the requirements and design of such a program, including the appropriate means of tracking and approving expenditures for such a program.
5. Whether PG&E's proposed residential baseline territory boundaries are reasonable and should be approved.
6. Whether PG&E's proposed gas and electric baseline quantities are reasonable and should be approved.
7. Whether PG&E's proposed essential usage study plan is reasonable and should be approved.
8. Whether PG&E's proposed revisions to its economic development rate program are reasonable and should be approved.

9. Whether PG&E's direct access and community choice aggregator fee revisions are reasonable and should be approved.

At the PHC, parties discussed whether certain other issues should be included in the scope of the proceeding. The community choice aggregator parties (Joint CCAs) wished to include two additional issues. First, the Joint CCAs sought a discrete issue allowing for the consideration of non-PG&E proposals on marginal costs, revenue allocation, and rate designs.² This ruling presumes that consideration of non-PG&E proposals on these matters are within the scope of the proceeding. A Commission decision will consider the record developed in this proceeding, including the proposals of non-PG&E parties on these matters. Therefore, the inclusion of a separate scoped issue as requested by the Joint CCAs would be duplicative.

Second, the Joint CCAs sought confirmation at the PHC that this proceeding could consider the issue of whether the Power Charge Indifference Adjustment (PCIA) rate element should appear on the bills of PG&E's bundled customers. This ruling does not take a position on whether this issue is within scope at this time, given that the issue is currently subject to consideration in a different Commission proceeding. However, should a Commission decision recommend that the PCIA bill presentment issue be considered in this proceeding, the assigned Commissioner and ALJ will consider whether to amend this ruling to include the issue within the scope of this proceeding.

The California Farm Bureau Federation (CFBF) sought to explicitly include within the scope of this proceeding a proposal for a rate adjustment for certain

² Joint CCAs protest at 10.

agricultural customers that may have been adversely affected by PG&E's recent Public Safety Power Shut-Off (PSPS) events. CFBF's argument is that certain agricultural customers may have pumped more water than expected during peak time-of-use periods in order to make up for lost pumping opportunities during a PSPS event, justifying the consideration in this proceeding of a rate adjustment to address unanticipated exposure to peak period prices. PG&E generally objected to CFBF's proposal and argued that other Commission proceedings currently examining PG&E's recent PSPS events would be better suited to address CFBF's rate adjustment proposal.

The scope of this proceeding includes whether PG&E's proposed rate designs are reasonable and should be approved. As previously mentioned, this ruling presumes that consideration of non-PG&E proposals on these matters are within the scope of the proceeding. CFBF is therefore free to argue that agricultural customers, or a certain group of agricultural customers, are entitled to a certain rate design. The Commission will make a decision on any potential CFBF rate design proposal in light of the entire record developed during this proceeding.

3. Need for Evidentiary Hearing

Many of the issues within the scope of this proceeding involve contested material issues of fact, including issues Nos. 1, 2, and 3. Accordingly, an evidentiary hearing is required.

4. Schedule

During the PHC, the assigned ALJ and the parties engaged in substantial discussion concerning the appropriate schedule for this proceeding. PG&E and the Public Advocates Office jointly proposed a schedule that other parties generally agreed to. I am hesitant to approve the use of the joint schedule

developed by PG&E and the Public Advocates Office because it does not comply with the requirement of Pub. Util. Code § 1701.5 that ratesetting proceedings such as this one be resolved within 18 months of the date the application was filed.

However, parties at the PHC argued that a period longer than 18 months is required to resolve certain unique and challenging aspects of this proceeding. These unique aspects of PG&E's application include a new method of calculating the cost to serve various customer classes based on both delivered and received energy, and more refined data on distribution costs. Furthermore, parties recommended a schedule longer than 18 months in order to ensure that parties had sufficient time to both negotiate a settlement of disputes and prepare for litigation of those issues that are not settled. In light of these arguments, I am persuaded to set a schedule that sets an end date for the proceeding that exceeds 18 months from the filing date.

Further, the schedule of this proceeding is bifurcated into two tracks in order to allow for the expedited consideration of PG&E's essential usage study proposal.³ Southern California Edison Company (SCE) and San Diego Gas & Electric Company (SDG&E) are ordered to participate in the bifurcated phase of this proceeding concerning PG&E's essential usage study proposal in order to ensure consistency across the state's large electrical corporations with respect to the study. SCE and SDG&E are encouraged to move for party status in this proceeding so that they may fully participate in the Commission's deliberations concerning the essential usage study. PG&E shall host a public workshop on the

³ Found at Chapter 9 of PG&E's prepared testimony on revenue allocation and rate design.

essential usage study design as proposed in their testimony during March 2020. PG&E may cancel the workshop if no party to the proceeding objects to the cancellation.

PG&E is also ordered to host a workshop on its marginal costs and revenue allocation proposals during the week of April 13, 2020. This workshop should allow parties with a position on marginal costs and/or revenue allocation to be able to utilize PG&E's workpapers to develop their own revenue allocation proposals. The goal of this workshop is to provide all parties with a clear understanding of the marginal cost methodology identified in PG&E's testimony, in particular the new method of calculating the cost to serve various customer classes based on both delivered and received energy, so that parties will be able to examine different revenue allocation proposals. PG&E shall coordinate with the Commission's Energy Division prior to the workshop to prepare the workshop's content and structure.

The following schedule is adopted here and may be modified by the ALJ as required to promote the efficient and fair resolution of the application:

Essential Usage Study Phase

EVENT	DATE
PG&E hosts a public workshop on essential usage study design	March 2020
PG&E serves and files final essential usage study proposal on behalf of all large electrical corporations	April 1, 2020
Opening party comments on final essential usage study proposal served and filed	May 1, 2020
Reply party comments on final essential usage study proposal served and filed	May 15, 2020
Proposed decision on final essential usage study proposal	June 2020

EVENT	DATE
Commission decision on final essential usage study proposal	July 2020

General Issues Phase

EVENT	DATE
PG&E hosts public workshop on marginal costs and revenue allocation proposals	Week of April 13, 2020
PG&E serves updated testimony	By May 1, 2020
Public participation hearings	May – June 2020
Public Advocates Office serves responsive testimony	August 28, 2020
Intervenors' prepared direct testimony served	September 25, 2020
Settlement talks completed; status report filed and served	December 18, 2020
Prepared rebuttal testimony served	January 18, 2021
Evidentiary hearing	February 1-12, 2021
Opening briefs	March 12, 2021
Reply briefs [matter submitted]	April 2, 2021
Proposed decision	August 2021
Commission decision	September 2021

The proceeding will stand submitted upon the filing of reply briefs, unless the ALJ requires further evidence or argument.

5. Settlements and Alternative Dispute Resolution (ADR) Program

The Commission's ADR program offers mediation, early neutral evaluation, and facilitation services, and uses ALJs who have been trained as neutrals. At the parties' request, the assigned ALJ can refer this proceeding to

the Commission's ADR Coordinator. Additional ADR information is available on the Commission's website.⁴

The schedule set forth in this ruling includes a date for the completion of settlement talks. No later than this date, the PG&E shall file and serve a status report on the settlement efforts, identifying agreements reached and unresolved issues requiring hearing. Any settlements between parties, whether regarding all or some of the issues, shall comply with Article 12 of the Commission's Rules of Practice and Procedure and shall be served in writing. Such settlements shall include a complete explanation of the settlement and a complete explanation of why it is reasonable in light of the whole record, consistent with the law and in the public interest. The proposing parties bear the burden of proof as to whether the settlement should be adopted by the Commission.

6. Category of Proceeding/*Ex Parte* Restrictions

This ruling confirms the Commission's preliminary determination that this is a ratesetting proceeding. (Resolution ALJ 176-3452.) Accordingly, *ex parte* communications are restricted and must be reported pursuant to Article 8 of the Commission's Rules of Practice and Procedure.

7. Public Outreach

Pursuant to Pub. Util. Code § 1711(a), I hereby report that the Commission sought the participation of those likely to be affected by this matter by noticing it in the Commission's monthly newsletter that is served on communities and businesses that subscribe to it and posted on the Commission's website.

⁴ See Decision 07-05-062, Appendix A, Section IV.O.

8. Intervenor Compensation

Pursuant to Pub. Util. Code § 1804(a)(1), a customer who intends to seek an award of compensation must file and serve a notice of intent to claim compensation by February 24, 2020, the first business day following 30 days after the PHC.

9. Response to Public Comments

Parties may, but are not required to, respond to written comments received from the public. (*See* Pub. Util. Code § 1701.1(g).) Parties may do so by posting such response using the “Add Public Comment” button on the “Public Comment” tab of the docket card for the proceeding.

10. Public Advisor

Any person interested in participating in this proceeding who is unfamiliar with the Commission’s procedures or has questions about the electronic filing procedures is encouraged to obtain more information at <http://consumers.cpuc.ca.gov/pao/> or contact the Commission’s Public Advisor at 866-849-8390 or 415-703-2074 or 866-836-7825 (TTY), or send an e-mail to public.advisor@cpuc.ca.gov.

11. Service of Documents on Commissioners and Their Personal Advisors

Rule 1.10 requires only electronic service on any person on the official service list, other than the ALJ. When serving documents on the Commissioners, or the Commissioners’ personal advisors, whether or not they are on the official service list, parties must only provide electronic service. Parties must NOT send hard copies of documents to the Commissioners or their personal advisors unless specifically instructed to do so. Parties must serve hard copies of testimony on the ALJ, but all other documents shall be served on the ALJ electronically.

12. Assignment of Proceeding

Genevieve Shiroma is the assigned Commissioner and Patrick Doherty is the assigned ALJ and presiding officer for the proceeding.

IT IS RULED that:

1. The scope of this proceeding is described above.
2. Pacific Gas and Electric Company (PG&E) shall host a public workshop on the essential usage study design as proposed in their testimony during March 2020. PG&E may cancel the workshop if no party to the proceeding objects to the cancellation.
3. Pacific Gas & Electric Company (PG&E) shall host a workshop on its marginal costs and revenue allocation proposals during the week of April 13, 2020. This workshop should allow parties with a position on marginal costs and/or revenue allocation to be able to utilize PG&E's workpapers to develop their own revenue allocation proposals. The goal of this workshop is to provide all parties with a clear understanding of the marginal cost methodology identified in PG&E's testimony, in particular the new method of calculating the cost to serve various customer classes based on both delivered and received energy, so that parties will be able to examine different revenue allocation proposals. PG&E shall coordinate with the Commission's Energy Division prior to the workshop to prepare the workshop's content and structure
4. The schedule of this proceeding is as set forth above.
5. An evidentiary hearing is needed.
6. The presiding officer is Administrative Law Judge Patrick Doherty.
7. The category of the proceeding is ratesetting.

8. Southern California Edison Company and San Diego Gas & Electric Company are ordered to participate in the bifurcated phase of this proceeding concerning the essential usage study proposal.

9. No later than December 18, 2020, Pacific Gas and Electric Company shall file and serve a status report on the settlement efforts, identifying agreements reached and unresolved issues requiring hearing.

10. Parties must not send hard copies of documents to the Commissioners or their personal advisors unless specifically instructed to do so.

11. Parties must serve hard copies of testimony on the Administrative Law Judge (ALJ), but all other documents shall be served on the ALJ electronically.

Dated February 10, 2020, at San Francisco, California.

/s/ GENEVIEVE SHIROMA

Genevieve Shiroma
Assigned Commissioner